

Senior Citizen Securities Fraud

Protect Your Pocketbook: Top Ten Tips to Help Avoid Investment Fraud

1. When in doubt, check it out.

Anyone offering financial advice or selling stocks, bonds, mutual funds or other investment vehicles in New Jersey must be registered with the New Jersey Bureau of Securities (BOS). Contact the Bureau to make certain the person is registered before investing any money. Ask if the State has taken any disciplinary action against the person.

2. If it sounds too good to be true, it probably is.

Investments offering very high rates of return should be questioned. Ponzi schemes, where money from new investors is used to pay high returns to only a few of the original investors, are on the rise. When this pyramid scheme collapses, most investors lose all their money.

3. You know me, so invest with me!

Con artists who claim they were referred by members of a club or organization to which you belong are a growing concern. They lower your guard by claiming to know people that you trust. The con artist may join a group and begin preying on its members. Check to make sure the person offering an investment is registered with the BOS.

4. Trust me! Would I LIE to you?

Ask if the person recommending a particular investment stands to benefit. If the person will make a commission or get a fee for selling a particular investment, you should consider whether his or her recommendation is unbiased and accurate.

5. You can see a lot by looking.

Read your monthly investment statements carefully. Any errors or irregularities should be reported in writing to the investment company at once. If the problem is not resolved, then contact the BOS immediately!

6. Keep all records safe and secure.

Keep all contracts, forms and orders that you sign or authorize in a safe, secure location. These documents are the paper trail that investigators may need to examine. In addition, keep copies of all investment correspondence in a safe place.

7. You've got the power!

Authorizing someone to invest on your behalf sounds convenient but lessens your control over your money. Understand what investment powers you are giving to someone before signing an agreement.

8. Let's play follow the leader.

A favorite scam of con artists is the promise of high returns through access to the investment portfolios of the world's elite banks. The negative publicity attached to these schemes has caused con artists to avoid explicitly referring to elite or prime banks. Now they underplay the role of banks by referring to these schemes as risk-free, guaranteed high-yield instruments or something equally deceptive!

9. Who knows what evil lurks in the Internet?

The Internet has reshaped our lives, but it also has become a prime hunting ground for scam artists. For example, one scam involves e-mail offers from individuals representing themselves as foreign government or business officials in need of help to deposit large sums of money in overseas bank accounts. Always know with whom you are investing and where their office is located by meeting them.

10. Never invest only on word-of-mouth advice.

Read and understand all documents. Take your time and be in control. You should ask for literature and other printed information to review that gives more facts about the investment being offered. If you are told you must act at once or lose out, walk away.

A message of concern from
ATTORNEY GENERAL PETER C. HARVEY

state of new jersey
JAMES E. MCGREEVEY, GOVERNOR



Dear New Jersey Investors,

One of my key responsibilities as Attorney General is to be ever vigilant about the sale of investment securities in New Jersey. Additionally, the Office of the Attorney General is charged with protecting the investing public by enforcing compliance with our State's securities laws. While investment fraud can threaten people of all ages and incomes, senior citizens are a primary and vulnerable target.

I firmly believe that the best protection against fraud is an informed and well-educated investing public. This brochure provides some very useful tips that can help protect you and your family against securities investment fraud.

If you have any questions or concerns, please call the New Jersey Bureau of Securities toll-free at (866) 838-6240.

Peter C. Harvey
Attorney General



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PREVENTING SENIOR CITIZEN SECURITIES FRAUD

AVOID INVESTMENT FRAUD

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